

# Hedgeweek USA Awards 2016





Jack Seibald, Cowen Prime Services, addresses the audience at the HedgeWeek USA Awards ceremony 2016



**hedgeWeek**  
USA AWARDS 2016

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hedge**week**  
USA AWARDS 2016

HEDGEWEEK USA AWARDS 2016

# The winners



**Best Macro CTA Fund**

Hathersage Capital Management LLC

**Best Event Driven Value Orientated Fund**

Bienville Capital Management, LLC

**Best Event Driven Merger Arbitrage Fund**

Touchstone Merger Arbitrage Fund

**Best Event Driven Distressed Fund**

Hildene Capital Management

**Best Relative Value Convertible Arbitrage Fund**

SSI Investment Management

**Best Credit Fund**

CKC Capital

**Best Equity Short Bias Fund**

Kerrisdale Capital

**Best Equity Market Neutral Fund**

Ouroboros Equity Partners

**Best Fund of Hedge Funds**

Cambridge Associates

**Best Diversified Fund of Hedge Funds**

Titan Advisors, LLC

**Best Specialist Fund of Hedge Funds**

equinox LLC

**Best Multi Strategy Fund**

Wilshire Associates

**Best Liquid Alternatives "40 Act" Fund**

The Archstone Partners

**Best Global Macro Fund**

Passport Capital, LLC

**Best Equity Long/Short Fund**

Eversept Partners, LLC

**Best North American index provider**

IndexIQ

**Best Fixed Income Fund**

Maritime Capital LLC

**Best Activist Hedge Fund**

Blue Harbour Group

**Best Mortgage Backed Securities Fund**

Bayview Asset Management, LLC

**Best FX Fund**

Currency Insight Ltd

**Best North American Hedge Fund Administrator**

(Joint winners) Maitland,  
Opus Fund Services

**Best Offshore Hedge Fund Administrator**

IKONIC Fund Services

**Best Liquid Alternatives "40 Act" Fund Administrator**

SEI

**Best North American Prime Broker**

Cowen Prime Services, LLC

**Best North American Hedge Fund Research Provider**

Wedbush Prime

**Best Managed Accounts Platform**

Gemini Alternative Funds, LLC

**Best Seeding Platform**

Protégé Partners, LLC

**Best Risk Management Software Firm**

Imagine Software Inc.

**Best Fund Accounting and Reporting Systems Firm**

FundCount LLC

**Best Managed Account platform Technology Firm**

SEI

**Best North American Trading Venue**

Nasdaq

**Best North American Accounting Firm**

Anchin Block & Anchin LLP

**Best North American Regulatory Advisory Firm**

Grant Thornton LLP

**Best Offshore Regulatory Advisory firm**

ACA Compliance Group

**Best North American Cyber-Security Services Provider**

ACA Aponix

**Best North American Cloud Services Provider**

Abacus Group, LLC

**Best North American Public Relations Firm**

Edelman

**Best North American Data Visualisation Software Provider**

Broadridge Financial Solutions

**Best North American Insurance Provider**

Crystal & Company

**Best North American Law Firm**

Sadis & Goldberg LLP

**Best Offshore Law Firm**

Walkers

**Best North American Third Party Marketing Firm**

Meyler Capital





# Great work amidst challenging times

By James Williams

Firstly, let's start with a positive message. As the latest HedgeWeek USA Awards event in New York on 15 September showed once again, the energy and creative dexterity of hedge fund industry participants remains undented by the continuous intervention of regulators and central bankers. Hedge funders are a hardy bunch, and it was great to see so many engaging conversations during the course of the evening.

Everyone, from managers to prime brokers, lawyers to risk practitioners and fund administrators, plays a vital role in the hedge fund industry and their attendance at the awards event was testament to the great work being done.

That said, the hedge fund industry does face challenging times. Average hedge fund performance has largely lagged major market



indices. Investors continue to hold hedge funds up against the S&P 500 and use it as a leverage tactic to lower fees. To date, the HFRI Fund Weighted Composite Index is up +3.46%, having gained a modest +2.76% over the last 12 months. By comparison the S&P 500 has gained 17.32% over the last 12 months.

Managers are starting to feel the pressure, and it's not just at the smaller end of the spectrum. As Bloomberg reported on 27 September, industry veteran Richard Perry of Perry Capital fame has decided to close his main fund after 28 years, telling Bloomberg that "it hadn't been working for the last couple of years".

According to Preqin's latest survey of more than 270 hedge fund managers, 52% reported that investors are more negative



about the industry compared to 12 months ago, and 43% identified investor demands for more favourable fees as a key driver of change in the industry, up from 28% in December 2015.

According to the Preqin survey, the majority of hedge fund managers are currently forecasting low single-digit gains for 2016 as a whole, with the median predicted return just 3%. No fund manager surveyed by Preqin expects to return 8% or more across 2016 as a whole.

Hedge funds have every right to be realistic, but aiming for mid-single digit returns somehow feels cautious, as if managers are investing with one foot on the brake. Yes, it is an incredibly crowded market. Yes, finding the next best trade is impossibly hard. But that's what the best in the business are meant to do.

Jack Seibald, Global Co-Head of Prime Brokerage, Cowen Prime Services – winner of this year's award for Best North American Prime Brokerage – made several interesting observations when giving his introductory speech at the awards.

He said that hedge funds have historically aimed to deliver outsized returns regardless of market conditions, and by understanding that outsized returns also generally required greater risk or volatility of those returns.

"In recent years, however, results have been underwhelming," said Seibald. "From the beginning of 2009 through the end of last year, the HFRX Global Index is up roughly 15%, or about 2% annually over the period. While the equity segment of the index performed better over the same time frame, this still lagged the nearly 15% compounded annual return recorded by the S&P 500 including dividends."

One of the reasons for this lagging performance, in Seibald's view, has been the dramatic rise in the prominence of institutional investors in hedge funds and the influence this investor class has had on manager behaviour.

"It's apparent to lots of industry observers that many managers, in an effort to attract and appease these large pensions and endowments, assumed a posture of reduced risk in their portfolios. Essentially, these

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# Hathersage Capital Management

## Best Macro CTA

Hathersage Capital Management LLC is a global macro manager founded in 1991. Employing a discretionary global macro philosophy which it applies strictly to G10 currencies, the firm takes directional market views using interbank spot, forwards and options.

"Unlike equity and fixed income markets, the drivers affecting currency pair valuations can change very quickly," comments Bill Lipschutz, principal, CIO and head of portfolio management. "Uncertainty, creates opportunities for skilled discretionary managers. Hathersage takes exposures that can be structured with return asymmetry and, at all times, actively manages positions no matter market conditions."

The strategies offered by Hathersage express trade ideas that are based on drivers such as a fundamental analysis of economic relationships, financial market expectations, political events and momentum.

Hathersage presents two distinct approaches: one strategic that focuses on intermediate to long-term global macro themes; and a second tactical that focuses on short-term momentum indicators. The two strategies are available on the dbSelect Liquid Alternatives Platform, while modified versions of both are available on the Citi Macro Access Managed Investment Platform.

Hathersage applies a consistent process and at all times stays true to its expertise, which Lipschutz says is essential in achieving strong performance. Indeed, FX markets can turn on a dime, "so staying nimble and reactionary allows us to be opportunistic in the short term, while sticking to a core strategic view in the intermediate term", he says, adding that risk is not taken "unless there is strong belief that the potential return warrants it".

Hathersage's portfolio management team systematically gathers, filters and analyses macro and micro market information from a variety of sources to generate the directional



**Bill Lipschutz, principal,  
CIO and head of portfolio  
management at Hathersage**

views in both approaches. On dbSelect, the Hathersage Long Term Currency Strategy has generated 10.04% annualised returns, while the Hathersage Daily Currency Strategy has generated 6.71% returns since both their inclusion from the platform's inception in March 2005.

On Citi, the G10 Macro Access Strategy has generated 20.15% annualised returns since its inclusion from the platform's inception in August 2011. The G10 Daily Access Strategy, over the same period, has generated 13.09% annualised returns.

Over the five-year period spanning August 2011 through August 2016, the strategies are the top two performers on the Citi Macro Access Platform. Whilst acknowledging the importance of its long-term track record, Lipschutz says it is Hathersage's ability "to consistently deliver absolute return not correlated to equity markets that distinguishes us from other Macro managers".

This year, Hathersage's Daily Currency and G10 Daily Access strategies have fared better than its Long Term strategies, the latter posting double-digit returns through August. This is most clearly explained by the recent market micro environment, which has favoured a short-term opportunistic response to news and events.

"Trading in non-GBP cash currencies around Brexit put in a strong performance and helped the Daily portfolios post robust gains in the month of June. Our Long Term portfolios on the other hand, rely on different drivers in taking a bigger picture view of the markets. As a result, the two approaches exhibit a low correlation with each other and are expected to display varying results," explains Lipschutz.

On winning this year's award, Lipschutz comments: "As a foreign exchange specialist, sometimes we fly under the radar, so it is particularly gratifying to win this year's award." ■

# Walkers

## Best Offshore Law Firm

Walkers is one of the most recognised international law firms and works with some of the hedge fund industry's largest asset managers. In total, the Group has 580 personnel, of which 250 alone are based in the Cayman Islands. "Overall, we've hired 100 people globally this year to bolster our five core practices: investment funds, finance & corporate, insolvency & dispute resolution, wealth structuring, and tax and regulatory advice," says Ingrid Pierce, Global Managing Partner at Walkers.

Pierce also notes that corporate and fiduciary services (through 'Walkers Professional Services') are a rapidly growing business for the firm since it was re-launched in March 2015 on the back of significant client demand.

With respect to fund activity, she says that whilst Walkers has been instructed on a number of exciting new launches, overall the pace of new funds coming to market has slowed a little compared to a year or two ago.

"I think what is happening is the large funds are getting larger. This is taking new managers longer to get to market as a result, and people are being more thoughtful at the pre-launch phase. Indeed, this is one of the key trends we've seen in 2016," comments Pierce.

Previously, managers would charge ahead and launch hedge funds with the portfolio manager and one or two other people. As a business structure, they tended to be inchoate.

Now, says Pierce, "we are seeing launches with a full team in place; the CIO, the CFO, CCO, some have general counsel, and other in-house staff. I think that illustrates the continued institutionalisation of the hedge fund market."

One particular start-up manager that Walkers is working with is set to be a significant launch yet only has two institutional investors. "The manager in question has a very good name and has



**Ingrid Pierce, Global Managing Partner at Walkers**

*"We couldn't be more pleased to be Hedgeweek's best offshore law firm."*

spun out of a highly recognised hedge fund group. They have significant seed capital in place. That is why they can afford to build out the entire team.

"We've seen some terrific managers who launched maybe two or three years ago, looked very promising, did everything right, but found it difficult to maintain AUM because of one large redemption and we ended up advising them on restructuring or liquidating. The industry is very challenging for most small managers today," says Pierce.

A second trend that Pierce has observed this year is a continued increase in governance. She notes that as managers take this more seriously some have re-structured their governance model or put in place independent advisory boards at the behest of their institutional investors.

"It's about having independence at different levels," states Pierce. "First, with respect to the fund structure it's now market standard to have independent oversight, and there has been a trend towards split boards. I would estimate that 80% of new funds that are launched have split boards.

"Second, if there are Master Fund structures that don't have an independent board of directors, managers are looking to put in place some sort of advisory board that replicates the role of the independent director (for the feeder fund) with a view to creating an additional layer of governance and oversight."

On winning this year's award, Pierce says: "With our global footprint we have a good understanding of the markets and regulations and this has helped to cement our reputation. We couldn't be more pleased to be Hedgeweek's best offshore law firm." ■

# Wedbush Securities

## Best North American Hedge Fund Research Provider

Wedbush Securities was founded in 1955 and is one of the largest providers of small and midcap equity research in the US.

Wedbush Securities has the largest Equity Research platform on the West Coast comprised of over 20 research analysts, coverage of more than 250 stocks and a dedicated retail channel checking team. The award-winning Wedbush Best Ideas List, is a dynamic, actively monitored compilation of the highest conviction stock ideas among its team of analysts with respect to outperformance over the forward 6 to 12-month period.

The research team sits within Wedbush Capital Markets group and has particular expertise in market sectors that include: retail and consumer; technology, internet and media; healthcare, and financial institutions. Three years ago, Sean Trager set up the prime brokerage division within Wedbush Securities to cater specifically to smaller money managers.

"Rather than focus on multi-billion institutions, we choose to focus on the multi-million institutions. We are building a name for ourselves with the emerging manager community. We essentially become an active extension of their trading desk and provide them with all the bells and whistles needed to be institutionalised, which includes research that managers can access on our portal," explains Trager.

Wedbush is the only self-clearing broker currently supporting US emerging managers. This brings a lot of efficiencies to managers as Wedbush acts as their custodian, prime broker and research provider.

"We are able to grow the business organically because there's no-one else doing what we do," says Trager. "We customise everything on a client-by-client basis, from reporting to research to stock lending. Our easy to borrow list is more extensive than any of our competitors. I can



Doreen Pappas and Sarah Gosler collect the award from GFM's James Williams

put something on that list that my core client cannot short more than 50,000 shares. By contrast, if we were covering multi-billion dollar managers they could move the market if they shorted those names."

The prime brokerage team that Trager heads up as Vice President is able to leverage the wider Wedbush infrastructure to help build out the business. It has a vast array of internal resources to draw upon – a large institutional research team, an institutional trading desk, compliance and legal experts, etc.

"Our research is highly targeted for money managers and covers a wide range of names across US equities. We offer the simplicity of making research available on our portal, giving us the ability to engage in one-on-one discussions with our clients. Our reports come out on a daily basis, covering everything from healthcare to media research," comments Trager.

These research reports are geared to help provide direction for traders as they develop ideas for their investment strategies. "You wouldn't find the names being covered in many other reports. Clients appreciate the value of the research we're providing," says Trager.

To broaden its capabilities beyond equities, Wedbush has acquired two futures firms (one being the KCG Group).

"This has allowed us to expand into global macro strategies and traditional futures-oriented trading strategies. We want to get bigger in the debt space, the mortgage space, and certainly bigger in the futures space," says Trager, who, on winning this year's award, adds: "We've been working hard on growing the business offering and perhaps not enough talking about it in the media, but knowing that we are helping clients become better money managers, is highly rewarding and we appreciate winning this award." ■





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# Broadridge Investment Management Solutions

## Best North American Data Visualisation Software Provider

A decade ago, there was nothing wrong with having eight or 10 vendors in place to run a hedge fund operation. But times have changed, as has technology. So much so, that established managers are increasingly looking to reduce overhead costs and complexity by consolidating the number of their critical systems into single or integrated solutions, often delivered on a hosted basis.

One of the key benefits to this is the ability to bring data from all those disparate systems together into a consolidated place where that information is actionable.

"Whether it's reference data, transaction data, portfolio information, compliance data, risk or performance data, in the past managers were storing all of that information and generating reports with that data from multiple places," comments Bennett Egeth, President of Broadridge Investment Management Solutions.

The nirvana, says Egeth, is an accurate, consolidated data accessible both programmatically and directly to users through easy to use tools. "Because the data is much more accessible, it gives fund managers the ability to report and visualise information from a broader set of data that they previously could draw upon, with tools that can provide a level of self service without heavy reliance on development."

Integrating multiple systems can be a daunting undertaking, but achieving much of the benefits can be recognised earlier in a project by starting with a data warehouse. By collecting data from different vendors and systems, the data warehouse becomes the aggregation point within an enterprise, so that managers can then start to consolidate the data for reporting and visualisation.

"A standalone set of data reporting and visualisation tools gives them a way to start to get some of those benefits in advance of changing their entire infrastructure, choosing



**Bennett Egeth, President  
of Broadridge Investment  
Management Solutions**

one that is part of a broader integrated ecosystem ensures longer term benefits," says Egeth. "We have always delivered a data warehouse as part of our emerging manager platform. If you are catching a firm at the point of their launch, before they put in place IT infrastructure that can bring a lot of benefits. Smaller and emerging managers have often tended to have access to higher levels of integration than larger fund managers with more established technologies."

Larger funds realise that the decisions they made 10 years ago are not necessarily choices that they would making today. More complete options exist, hosted solutions are more accepted, and the total cost of ownership can be drastically reduced.

"By having a centralised system it allows you to enrich the data, storing performance and attribution information in the same place, risk information in the same place, your administrator's version of IBOR alongside your version of IBOR. This allows you to produce risk-weighted performance reports, analytics on trading costs, etc," comments Egeth. "While it is sometimes difficult to anticipate all the regulatory changes, the ability to have the data accessible, with history, providence and governance are all foundational to responding and meeting regulatory requirements."

"In terms of the benefits of visualisation, you have the ability to create individual dashboards which can combine information previously stored on myriad different systems to create an individual user experience. If I want to see a performance graph or a commission summary, I can do so easily using a single dashboard," concludes Egeth.

On winning this year's award, Egeth adds: "Better data facilitates better decisions; sometimes it just takes a little help to visualise the data." ■

# Imagine Software

## Best Risk Management Software Provider

New York-headquartered Imagine Software celebrated its 23rd birthday this July. Still privately owned and run by Scott Sherman, Steven Harrison, Dr. Lance Smith and David Miller, Imagine has long been viewed as one of the financial industry's leading provider of real-time portfolio, risk management and regulatory systems.

Imagine supports the industry's blue-chip hedge fund managers, fund-of-funds, pension plans, money managers, asset managers – and the major banks and brokerages. Imagine was the first to offer a cloud-based ASP solution to the industry in 1999. "Today, we have a combination of functions that make Imagine the most powerful risk system in the market," says Scott Sherman, Co-Founder and Global Head of Business Development & Sales.

"Two years ago, we launched our Imagine Financial Platform (IFP), which is unique in the industry in that it allows users access to all of the analytics and data in our system. Using a simple Java script, users can build their own applications (apps) to create bespoke financial calculations."

Highlighting the dramatic adoption of Imagine's app technology, Sherman adds: "Imagine has approximately 40 off-the-shelf applications that our users have turned into more than 500 unique applications."

Imagine's clients use these apps in every segment of their workflow – automating repetitive operational tasks, building optimisers, stress testing, identifying arbitrage opportunities, etc.

"Our biggest development this year is our new system called RRC – Real Time Risk and Compliance," confirms Sherman. "In the years following 2008, as regulatory compliance became one of our clients' most important challenges, creating a solution to help them address this need became our most important focus.

"Societe General Prime Services was our



**Scott Sherman, Co-Founder  
and Global Head of Business  
Development & Sales at  
Imagine Software**

first RRC client, and we have enabled them to post millions of trades per day across thousands of accounts in real time and manage their global limits monitoring."

In addition, Imagine can create risk portals for the SocGen managers to show hedge fund clients their calculations in the SocGen system, in real time.

The SocGen clients can log in and get a clear insight into their risk exposures and, using the same underlying risk models, perform "what-if-scenarios" to manage their margin requirements. This, says Sherman, "represents a great transparency advance for all market participants".

"The RRC high-speed functionality has applications for the major prime brokers and vendors such as OMS/EMS, clearing houses and data providers," says Sherman. "We can give data providers a large feed that Imagine will populate to give users price data on, for example, IBM, along with some 35 pre-configured shocks. This will allow clients of the data provider to see the impact of those shocks in real time, offering valuable hedging information," explains Sherman.

Imagine's RegTech expertise covers not just the regulations that impact hedge funds dealing with 40 Act requirements, but all of the risks associated with compliance and position limits.

When a manager is running a regulated fund, Imagine sets them up with the built-in capabilities to run the stress tests and scenarios that show the impact of different market shocks and allows them to proactively determine whether specific events would move them in or out of compliance.

On winning this year's award, Sherman comments: "We are enormously honoured that the Hedgework readers selected Imagine for this terrific award, and we remain dedicated to delivering the innovation and service that makes us worthy of this distinction." ■





**IKONIC**  
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# IKONIC Fund Services

## Best Offshore Hedge Fund Administrator

IKONIC Fund Services ('IKONIC') was incorporated in 2007 as a Bermuda exempted company and is a licensed Fund Administrator under the Bermuda Monetary Authority Investment Fund Act 2006.

IKONIC was founded by a leadership team with significant in-depth knowledge and expertise in fund administration. Over the years, its success has been built on the stability, professionalism and expertise of a large organisation combined with the flexibility, autonomy and character of a hands-on niche provider. IKONIC specialises in supporting hedge funds, fund of hedge funds, private equity funds and funds investing in insurance linked securities.

It currently services more than 140 client entities from its Bermuda, Charlotte (North Carolina) and Cayman offices with clients ranging from emerging managers to billion dollar institutional funds.

On 10th June 2016, IKONIC was acquired by the Horseshoe Group, following a successful period of partnership, which began in 2011 through the creation of a joint venture called ILS Fund Services Ltd.

'This is an exciting time for us,' says Brian Desmond, Head of the IKONIC fund services division. 'We are now part of a group with in excess of USD20 billion in assets under administration. This gives our fund services business more presence in the market; prior to the acquisition we had approximately USD9 billion in AuA.'

'When we formed the joint venture with Horseshoe, the objective was to combine the best of both worlds to service hedge funds investing in reinsurance – Horseshoe were the leading service provider in the insurance linked security market with actuarial valuation expertise and IKONIC had extensive expertise in providing fund administration services. Within four years, assets in that joint venture rose to approximately USD5



**Brian Desmond, Head of the  
IKONIC fund services division**

billion, supporting more than 40 funds. The partnership worked so well that it led to IKONIC officially joining the Horseshoe Group this summer."

Desmond says that there are two main pillars to its Fund Services business. One to support open-ended hedge funds and the other to support closed-ended private equity-type funds. Going forward, the plan is to leverage the Horseshoe Group to attract larger investment managers.

"We will still be active in the start-up manager space but we want to continue to build out our business with managers running north of USD200 million in AUM that are looking for a full service offering including daily reporting and middle office services.

"We've proven that we can service institutional billion dollar clients, meet their investor's stringent due diligence requirements' and provide excellent service. Over the next 12 months, we will look to attract larger hedge fund clients while continuing to partner and grow with our current client base," explains Desmond.

He notes that this year IKONIC has enjoyed good success in the US domestic market as it builds out its book of Delaware-based hedge funds.

"We've built fantastic technology that supports the liquid end of the spectrum, and it's an area that we want to grow quickly. I believe that our reputation in the US market is such that people are confident that IKONIC does an excellent job. It's now a matter of leveraging that reputation to take on larger client mandates in the liquid hedge fund space," confirms Desmond.

On winning this year's award, Desmond replies: "We are extremely proud to win this Hedgeweek award and are very grateful to our clients and other service providers we work closely with that voted for us." ■





5 ► managers appear to have been 'retrained by these investors and the very large allocations they make, and become asset gatherers rather than alpha generators.'

Ultimately, performance, or rather outperformance, matters.

It's therefore crucial that active managers, and particularly hedge fund managers, remember how to shoot for outperformance. Too much focus on that well-worn phrase 'risk mitigation', and less on performance, "is a key reason the industry finds itself at this crucial juncture," said Seibald.

One fund manager (among many; average performance says nothing about the quality of managers) that has certainly bucked the trend in recent years is Hathersage Capital

Management LLC. Winner of this year's Best Macro CTA, Hathersage's G10 Macro Access Strategy has generated 20.15% annualised returns since 2011, whilst the G10 Daily Access Strategy has returned 13.09% annualised.

The Hathersage portfolio management team draws on its immense market experience, having seen first-hand, many of the extreme moves that have happened in Foreign Exchange since the 1980s.

"We give careful consideration to central bank monetary policy, political situations, cross border flows and technicals to generate trade ideas for the portfolio, while always keeping a close eye on liquidity conditions," explains Bill Lipschutz, CIO and head of portfolio management.

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## Looking for an independent director?

Formed in 1974, International Management Services (IMS) is one of the largest and longest established offshore company management firms in the Cayman Islands. Our Fiduciary Team focuses on the provision of directors and trustees to hedge funds. We have over 200 years of collective experience in the fund industry and provide services to some of the largest global hedge fund organizations.

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Exceptional Corporate Governance





## Best Liquid Alternatives Fund Administrator & Managed Account Platform Technology Firm

In a new thought-provoking white paper entitled *The upside of disruption – why the future of asset management depends on innovation*, SEI picks out five important trends that are re-shaping the way we live our lives, both socially and professionally. SEI refers to these five trends as: Watsonisation; Googlisation; Amazonisation; Twitterisation, and Uberisation.

There is no doubt that technology, which SEI places at the heart of its operating model, has the potential to transform (or render redundant) companies in all sectors of society. The funds industry is no exception. How key players across all parts of the service chain – from banks and custodians, to administrators and prime brokers – as well as fund managers themselves, embrace new, disruptive technologies will likely depend on their future success.

Perhaps the clearest example of how fast technology is moving is the rise of cognitive computing. CTAs such as London-based Piquant Technologies are using sophisticated machine learning algorithms that have the ability to think for themselves and respond to patterns and signals intelligently, learning the longer they trade.

“When IBM’s Watson supercomputer competed on the TV quiz show Jeopardy!, back in 2011, and vanquished the two top-winning human contestants of all time, it signalled the start of something big. It took only two years for Watson’s capabilities to be brought into commercial use.

“Now cognitive computing is transforming industries from health care, travel, and manufacturing to retailing and financial services. Companies are using predictive analytics to score credit applications, rank job applicants, and detect fraud,” says Ross Ellis, Vice President and Managing Director of the Knowledge Partnership in the Investment Manager Services division at SEI.



**Ross Ellis, Vice President  
and Managing Director of the  
Knowledge Partnership in the  
Investment Manager Services  
division at SEI**

Ellis believes that the investment industry is a fertile environment for such advances and thinks that robo-advisors may prove to be the harbingers “of a much more sweeping disruption – namely, the use of machine learning to make and implement investment decisions.”

According to PwC’s latest global CEO survey (PwC 2015 US CEO Survey – Top findings), 73% of US CEOs and 61% of those worldwide, expect new competitors to disrupt their industries in the next five years. Last year, in a letter to shareholders, JP Morgan CEO Jamie Dimon warned “Silicon Valley is coming”, making reference to mobile payment technologies, peer-to-peer lending, and of course, Bitcoin. “There are hundreds of start-ups with a lot of brains and money working on various alternatives to traditional banking,” wrote Dimon.

There are now an estimated 4,000 or more start-ups in the fast growing ‘Fintech’ space, with more than a dozen valued at more than USD1 billion (*The Economist* Explains Blog – ‘Why Fintech won’t kill banks’. 16th June 2015). Blockchain technology and the above mentioned robo-advisors, are two of the more prominent developments re-shaping the way that banks and wealth management companies think about transactions and asset management.

According to Ellis: “While no one is saying that portfolio managers and analysts will become obsolete – not yet, anyway – it’s clear that cognitive systems hold an information advantage. While we believe that cognitive systems will complement rather than eliminate human insights, they can go beyond the most rigorous top-down and bottom-up analysis to weigh factors, probabilities, and “what if?” scenarios that might not even occur to a seasoned manager.”

As we move increasingly towards a network-based society, with digital platforms

and Big Data capabilities creating 'The Internet of Things' (think driverless cars, self-replenishing refrigerators, smart lighting, intelligent highways), fund management CEOs and CIOs are becoming aware of the need to incorporate new technologies to keep up with the pace of change.

"The everyday world of using technology is seeping into the way that asset managers run their businesses. That's the thought process that led us to produce the Upside of Disruption white paper. Equally, it forms the basis of how we are building our knowledge platform and solutions to support asset managers," says Ellis.

Jim Warren, Head of Solutions, Strategy & Development at SEI, believes that people's perspective on what's important to them within the investment industry is really changing. "It's becoming more data-driven and less decision-driven. People realise that the more information they have, the decisions become easier to make; whether its artificial intelligence or just better analytics.

"We're seeing a big push in the asset management industry with respect to using data outside of the investment process. Portfolio managers have, for a long time, been able to perform analytics on the types of investments on which they want to make decisions. They realise there are technologies for doing that quicker, easier and more completely. But, more importantly, they can use those same technologies in other parts of the business, beyond merely the investment process. For example, understanding more deeply who their investors are and their key drivers, understanding how to better market themselves, and so on."

Another important driver that SEI identified relates to the size and growth of the asset management industry. Citing McKinsey's analysis, presented in a webinar on 18th June 2015 ("The Global Asset Management Industry in 2020"), during the five years following the financial crash (2009 to 2014) only 16% of the industry's global asset growth came from net new inflows; the rest came from the bull market tailwind. The Boston Consulting Group, in its Global Asset Management 2016 paper, said it well: "market-driven asset growth is in the rearview mirror." In other words, being unable to depend on rising financial markets

*"The good times may have gone but technology is such that there are just as many opportunities, you just have to find them and embrace them."*

for asset growth, asset managers cannot rest on their laurels.

"The good times may have gone but technology is such that there are just as many opportunities, you just have to find them and embrace them," says Ellis. As the white paper points out, 'Googlisation' is helping companies become more data smart, but unlocking the potential of all that data is no easy task.

Equally, 'Amazonisation' demonstrates the power of the platform; look at the rise in prominence of marketplace platforms such as Prosper and Lending Club.

Platforms are levelling the playing field, enabling them to compete with more established firms without the legacy issues of outdated infrastructure. China's e-commerce platform, Alibaba, has managed to build the world's 3rd largest money market fund (Alibaba Yue Bao). It took just 9 months to reach USD100 billion – by comparison, it took Vanguard more than 10 years to hit that same figure.

If that doesn't serve as a warning sign against complacency, nothing will.

Ellis concludes by stating that the use of technology to slice and dice data could allow asset managers to potentially create new strategies and learn new insights that they weren't previously able to gain.

"Ultimately, there are more tools available today to take advantage of the data being produced. It behooves asset managers to take an open architecture approach because it will enable them to gain new insights and make smarter business decisions. There's more data – structured and unstructured – it's faster and deeper than ever before, but if you can't capture it and organise it in such a way that you can mine it in a myriad of ways, then it really isn't going to be much use. It'd be a goldmine looking at you in the face but sitting there wasting away." ■

To read the SEI white paper in full, please click on the following link: [www.sei.com/DisruptToday](http://www.sei.com/DisruptToday)



# Gemini Alternative Funds

## Best Managed Accounts Platform

Gemini Alternative Funds, LLC (Gemini Alt) operates an open architecture environment that facilitates the creation of dedicated managed accounts (DMA) for large institutions. The infrastructure is supported by Gemini Alt's parent company, NorthStar Financial Services Group LLC (NorthStar), which has more than USD455 billion in AUM (as of 8/31/16).

As well as the DMA platform, Gemini Alt also operates the Galaxy Plus platform, a CFTC and NFA regulated platform that provides a lower investment option to non-pension fund investors.

"Today, Galaxy Plus has approximately USD500 million in assets. The DMA side of the business will be growing significantly over the next couple of months as we complete the onboarding process of a large pension plan. I would estimate that by year-end, total assets on the DMA platform will be close to USD1 billion," comments David Young, President of Gemini Alt.

Both platforms aim to provide Gemini Alt's clients with an institutional-level investing experience. In total, Gemini Alt has USD700 million in assets.

DMA business is essentially an operational infrastructure designed to provide large asset owners with complete transparency and control of the investing experience.

It provides an outsourced solution for all operational aspects of managing an investment platform. This includes legal structuring, adviser research and selection support, middle- and back-office support, granular reporting, risk management support and trade rebalancing among advisers in the portfolio.

"Galaxy Plus was created to provide smaller institutional investors with many of those same attributes," confirms Young. "It is a commingled fund structure that provides access to a selection of trade advisors through a single access point and shares



David Young, President of Gemini Alt

many of the same attributes of our DMA platform but at a lower investment level."

Galaxy Plus, which launched in December 2014, currently has a global mix of 20 managers; approximately 30% Europe, 60% US and 10% Asia. All 20 investment advisors are running managed futures strategies; systematic strategies, discretionary, trend following, etc.

"Everything we do starts with the investor. We work with investors to find the managers they want to allocate to within a managed account structure," says Young, adding that Gemini Alt is also in the process of launching a new platform that will give investors access to liquid hedge fund strategies.

"We expect it to go live mid-October. It will offer the ability for investors to invest in equity-based hedge fund strategies providing the same type of investing experience as Galaxy Plus. We should have five managers on the platform by year-end," confirms Young.

For the DMA platform, the institutional client currently being onboarded – as with every institutional investor – has preselected its managers (Gemini Alt facilitates the investment process). Aside from selecting managers, each DMA client has the freedom to choose their preferred service providers (fund administrator, prime broker, etc) that will operate within the infrastructure solution.

"Ultimately, anyone who works with us, across both platforms, makes their own investment decisions. We provide the technology that allows them to build the portfolio. We provide them with diligence on the underlying managers, but we don't provide investment advice," explains Young.

On winning this year's award, Young comments: "We're elated. I think it's important that there are platforms like ours within the industry (alongside the large bank-owned MAPs). It's easy for us to be cost-effective and provide both investors and advisors with solutions at a price they can afford." ■

# Anchin, Block & Anchin LLP

## Best North American Accounting Firm

Six time Best Global Accounting Firm, Anchin, Block & Anchin LLP is also being honoured with this year's Best North American Accounting Firm. With a staff of more than 350 and numerous specialised industry and service teams, Anchin is a full-service accounting, tax and advisory firm that provides investment companies, privately-held businesses, and high net worth individuals/family offices with a wide range of traditional and non-traditional services.

Jeffrey Rosenthal, CPA, CGMA, is Partner-in-Charge of Anchin's Financial Services Practice. "2016 continues to be a trying year for start-up funds," he says, "however, we observed a growing trend in family offices establishing funds and investing on their own and in emerging managers." This growth area in particular has created an expanding market for accounting and consulting services, confirmed Rosenthal, noting, "We have also seen a continued trend in managers establishing real estate and private equity funds."

"Start-ups need to focus more on establishing best practices; this is critical and something we always stress to newly launched funds," Rosenthal added. "Today's hedge fund manager has to continuously justify their trading strategy." Rosenthal and his team advise start-ups on how to stay the course.

Anchin prides itself on providing clients with high involvement from senior personnel as well as frequent communication with fund managers. This is a key point if one considers that many start-up fund managers may have extensive trading experience but little business acumen.

"We assist managers with issues and help them avoid common pitfalls of setting up a business. We can advise on structuring, hiring, budgeting, thinking forward about



**Jeffrey Rosenthal, Partner-in-Charge, Anchin, Block & Anchin LLP**

growth, creating short- and long-term plans, and establishing best practices that include preparing to register with the SEC as an investment adviser," explains Rosenthal.

The SEC has recently been focusing on fund expenses and fees, as well as cybersecurity preparedness, as the Office of Compliance Inspections and Examinations (OCIE) embarks on its latest round of inspections. It is therefore becoming increasingly important for hedge funds to have a clear audit trail, not only for the SEC, but also to be able to communicate clearly with auditors and investors.

"This is especially true in the valuation process," says Rosenthal. "When a fund's investments include more than Level One or easy-to-value securities, the methodology that must be used to value less liquid securities is more complex. It is therefore important to make sure that the fund has thoroughly documented support and has consistent, well thought out and auditable procedures in place.

With respect to cybersecurity we strongly encourage our clients to do likewise and advise them accordingly. We recommend they develop a written information security policy (WISP) that articulates their security policies and procedures, clearly assigns responsibilities, and describes the monitoring and testing of their systems."

On winning the award, Rosenthal comments: "On the heels of winning the Best Global Accounting Firm Award for the sixth consecutive year and for recognition of Best North American Accounting Firm, we continue to be proud of what makes us who we are - a team that delivers unmatched client service and who continue to go above and beyond on a daily basis. I am proud to say that we truly take an interest in our clients and our people." ■

# Meyler Capital

## Best North American Third Party Marketing Firm

New York-based Meyler Capital has been 'shredding decks and driving change' since 2012. The firm re-envisioned the marketing process used for raising capital.

"This industry still doesn't acknowledge the engagement points to the marketing deck, and that is the overall message we are trying to convey. How do you create engaging content and an engaging message to keep an audience interested? Producing quarterly commentaries or executive summaries isn't enough. It doesn't break through any barriers. But that's how the industry has tended to operate," says Kyle Dunn, CEO at Meyler Capital.

The creative team at Meyler Capital brings to bear a range of tools to work with clients on developing a brand identity, bringing fresh thinking to the production of marketing collateral.

"Fund managers need to re-think how they approach investors. You need to build audience and nurture relationships before you ask for an allocation," explains Dunn.

"The concept of brand is unfamiliar to the hedge fund industry but it is a very established thought process as it relates to building loyalty, shaping perception and managing reputation. This industry is stuck on performance, but that's the worst thing to focus on to develop LP loyalty. We have the sophistication behind the scenes to understand engagement. People in this industry tend not to apply marketing automation or the sophistication of online profiling that is available to the marketing industry at large. These are all innovative concepts that work."

Nevertheless, Dunn is encouraged by what he sees as a demonstrable change in mindset among fund managers towards brand strategy. The fact that people are talking about brand in the first instance...well, that wasn't the case when Dunn established Meyler Capital four years ago.

In terms of crafting a brand strategy, Dunn says: "We build the anchor point for their brand. This industry often talks about



Kyle Dunn, CEO at Meyler Capital

*"The industry will change not because it has to, but because the people coming into positions of authority have changed."*

strategy drift. We talk about marketing drift. Someone creates a piece of marketing collateral with a specific message and then they create a new piece of collateral and that message gets slightly altered, and so on. After a while, their message has completely strayed from when they first started. We stop that from happening. We seek to understand what are the true attributes of your brand and then stick to those attributes in all aspects of marketing."

This enables fund managers to talk about something other than performance. Oftentimes, when performance dips, managers will revert to espousing the firm's brand attributes but this strips away any shred of integrity.

According to Dunn, for managers to retain their integrity, in such an instance they should tell investors to redeem. Far better to flip it on its head and communicate brand attributes from day one; performance then becomes a result of implementing those attributes.

"Now you can develop a relationship with investors that stands the test of time. That's what the BMWs and Mercedes of this world do. When your BMW breaks down, you take it to the specialist to get fixed. You don't regret the decision of buying it in the first place," says Dunn.

On winning this year's award, he concludes: "It demonstrates that the industry is evolving. The industry will change not because it has to, but because the people coming into positions of authority have changed. That's what the 'industry' doesn't appreciate and why our tactics are so effective. We simply adhere to modern thinking when it comes to marketing and communication." ■





14 ► The Hathersage portfolio is generally constructed to have a strong directional view, but as a consequence of imbedded convexity, also typically performs well if there is an extreme move the other way. “We anticipate there will be some excellent opportunities in Q4 related to several key events including a potential Fed rate hike, BOJ easing, an Italian referendum and US Elections,” adds Lipschutz.

Spotting a good trade is a skill that investors are willing to pay for and whilst portfolio managers take a measured approach to building positions, any help they can get from their prime broker is welcome. One firm that is successfully leveraging its research capabilities is Wedbush Securities – voted this year’s Best North American Hedge Fund Research Provider. Specifically, the research team sits within Wedbush Capital Markets, generating daily reports that focus on companies commonly overlooked by those who cater more to larger established managers.

Sean Trager runs the prime brokerage division. He says that in addition to providing research with intrinsic value to its emerging manager client-base, Wedbush is continuing to focus on bringing a wider array of products to the table beyond just equities. “For a volatility arbitrage fund that trades options, for example, we can look at the portfolio and offer a futures hedge that the manager may not have held previously,” comments Trager.

Any value-add that a service provider

can offer its clients is appreciated in this environment.

One way for hedge funders to raise their profile and try to stand out from the crowd is to develop a more consistent communication strategy. Edelman – voted this year’s Best North American PR Firm – works closely with a roster of high-profile hedge fund clients to develop and execute strategic communication programmes that “raise visibility and enhance reputation”.

Edelman has 250 people in New York alone working on social media and as Mike Geller, Executive Vice President & Head of Alternative Asset Management, Financial Communications & Capital Markets comments: “I think we will see continued adoption of social media but it will likely always be measured and strategic. Our capabilities continue to grow, as do our credentials. We learn a lot from our clients and the more hedge fund managers that we take on with a variety of different strategies and goals, the better we become.”

“Our positioning is pretty straightforward within the PR space as it relates to alternatives. We bring to the table a fighting squad with a core competency within the industry. We add to that the breadth and reach of the biggest PR firm in the world,” adds Rich Myers, General Manager, Edelman Financial Communications and Capital Markets.

Part of the toolkit to build awareness and deliver a positive message to prospective investors is also to appoint third party

► 29



# Maitland

## Do we look our age?

Maitland turned 40 this year – but it's not the age that tells our story. It's the experience behind it:

- 40 years of a global heritage cultivated by an employee-owned institution
- 20 years in a special niche of alternative fund administration
- 45 combined years of leadership experience on Advent Geneva administration and integration.

All of this expertise behind one of the world's fastest-growing administrators – and we've never felt younger!



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Maitland is a global advisory and administration firm with \$280 billion assets under administration, over 1,200 employees and 16 offices across 12 countries.

Scott Price

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# Maitland Group

## Best North American Hedge Fund Administrator

Maitland is one of the industry's largest independent hedge fund administrators with USD280 billion in AuA. With more than 1,300 employees across 16 offices globally, Maitland is more than a fund administrator. It is a global advisory group, with its roots as an innovative law firm in Luxembourg in 1976 offering cross-border structuring solutions to corporates and some of the world's wealthiest families.

This in-house legal and tax expertise, as well as Maitland's independence, set it apart from most other fund administrators – and means that it is ahead of the game when it comes to administrators moving up the advisory services chain of added value.

"People like our ownership structure, the fact that we've been in the business for more than 40 years. As we continue to expand in North America we maintain an entrepreneurial mindset that we bring to every client meeting. We want each client to be a long-term partner," says Scott Price, Head of Business Development and Client Management (North America). Maitland's technology group integrates each client's workflow processes, from its OMS/PMS, to receive trade information as soon as possible.

"This means we can assist them with intra-day, end-of-day, customised reporting which really helps the management company leveraging our technology infrastructure so they don't have to buy it themselves,"



**Scott Price, Head of Business Development and Client Management (North America) at Maitland**

says Price. Price is located in New York City, one of two client-facing offices including Miami. He and his team – including client relationship managers – work directly with Maitland's operational centres in North America, one in Richmond, Virginia, the other being Halifax in Canada. Price notes that 2016 has been a 'growth year' with respect to Maitland's North American business.

"A number of clients have launched new products and in terms of expansion and product development, we've stepped up our presence in New York and Miami and have more client-facing staff and business development staff. That has enabled us to get closer to our US clients and we've been successful at winning some nice mandates, not just in hedge funds but private equity as well."

Price confirms that it is substantially increasing its middle-office capabilities, allowing clients to outsource more of the operational and regulatory/compliance work that would ordinarily have been handled internally. "Clients are leveraging our technology and our infrastructure and headcount to do more work for them on a daily basis. The pressure that fund managers have been under the last few years, from a performance perspective, has led to an increased need to generate operational alpha.

"One way to do that is to lean on service providers to perform tasks that historically they were not asked to perform. We've got great experience with outsourcing where we will work with management company staff and take on customised processes to support their business," says Price.

On winning this year's award, Price says: "This award represents the voice of our clients. This recognition is not only gratifying but it adds to our resolve and commitment to investing into the resources needed to ensure that our clients continue to get the high quality service and platform performance needed to make them successful at what they do best." ■

**Chris Murphy and Jeff Rhodenizer receive the award from GFM's James Williams**





# Nasdaq

## Best North American Trading Venue

Nasdaq is recognised as one of the world's leading technology companies, from the financial technology and corporate and data services it provide to hundreds of capital market operators and regulators around the world, to being the listings home of the world's greatest technology companies and young startups blossoming from Silicon Valley and Alley.

The company operates one of the largest networks with its technology driving more than 70 marketplaces in 50 countries and supporting some 41,000 indices across multiple asset classes.

"Nasdaq is the biggest single pool of liquidity in US securities, across Nasdaq-listed securities, NYSE-listed securities, and Exchange Traded Products," says Chuck Mack, AVP, Deputy Head US Equities at Nasdaq.

Technology lies at the heart of Nasdaq. Aside from running its own exchanges, Nasdaq provides technology to more than 70 platforms and powers one in 10 of the world's securities transactions. There is a constant focus on system performance, not merely in relation to speed but also throughput and resiliency.

As Mack explains: "The reason why throughput matters is that when you have a market stress event, your system has to be able to withstand a new influx of traffic. We've made some upgrades this year that have increased our capacity significantly."

Another factor in system performance is resiliency. This includes geographical hardening – using more than one data centre to run its systems on; hardware hardening, where Nasdaq will use multiple applications running on different pieces of hardware; and software hardening, both with respect to its testing regime and by using multiple software applications to do the same job.

"On a separate point, we have a robust surveillance programme that runs on the SMARTS platform," says Mack. "When Nasdaq customers put a trade on they need to be confident that there's nothing untoward



**Chuck Mack, AVP, Deputy Head  
US Equities at Nasdaq**

*"We owe our success to our customers and we're relentlessly committed to providing the best trading experience to all market participants."*

happening in the market that could impact their fund's performance."

Nasdaq constantly looks to introduce innovative products such as the introduction of a series of Exchanged Traded Mutual Funds, sponsored by Eaton Vance. Effectively a hybrid between ETFs and mutual funds, they are branded as NextShares and trade on Nasdaq, with the first fund, a US equity strategy, going live on 26 February 2016.

"Market makers can come in and bid a penny above or below the NAV through a proxy. This helps to reduce the cost of these funds by as much as 70 basis points," comments Mack.

One aspect that is central to running a successful exchange is keeping on top of changes in market structure and helping to educate investors on the various developments as they come down the pipe.

"We work closely with the regulators and market participants across the globe to make sure the things we're shaping in the market are going to serve them well. Whether it's MiFID II in Europe or the Tick Size Pilot in the US, we spend significant time preparing and helping customers prepare for new regulatory initiatives," comments Mack.

Nasdaq also chairs the Limit Up/Limit Down Industry Plan committee. As the chair of the committee, Nasdaq, together with other US exchanges, has worked to increase the effectiveness of the LULD plan.

On winning this year's award, Mack says: "It is a true honour. We owe our success to our customers and we're relentlessly committed to providing the best trading experience to all market participants." ■

# Opus Fund Services

## Best North American Fund Administrator

Multi-award-winning hedge fund administrator Opus Fund Services was established in Bermuda in 2006, subsequently expanding its footprint into the US with offices in Chicago (2008), San Francisco (2009), New York (2013) and Portland (2014). It serves over 250 fund managers and 425-plus funds with a combined AUM approaching USD13 billion.

2016 has been a year of organic growth for Opus, as evidenced by the recent establishment of a new operations centre in Manila, The Philippines.

"This development provides a scalable round the clock support mechanism to greatly increase processing power and allow us to deliver our innovative technology platform and institutional grade service at a price point out of reach of many competitors," says Christian Pollard, Head of Shared Services at Opus.

The Manila operation will help Opus work towards providing full 24-hour coverage.

"There's strong talent in Manila, and it made sense to us to select The Philippines as our operations centre in SE Asia. It all goes towards making us internally more efficient with our workflows and enhance what we are able to do for our clients on multiple fronts," says Jorge Hendrickson, Head of Sales and Business Development in Opus's New York office.

Indeed, in addition to opening up the Manila office, Opus has also commenced construction on new operations offices in Naperville, Illinois. Comprising nearly 13,000 sq ft of prime commercial real estate, the new offices will enable the Opus team to double in size. Opus has also successfully completed the expansion of its Portland, Oregon operations offices, and the team in New York has also risen over the past few months with more hires underway. In total, Opus now has approximately 100 employees.

As of 1st June 2016, Opus has onboarded 74 new funds across 54 client relationships this year, representing a 21% growth in the number of funds it services on the platform.



**Jorge Hendrickson, Head of Sales and Business Development at Opus**

*"We've put a lot of hard work in over the last 12 months and highly value winning the award this year."*

Nearly three quarters of that growth (72%) has come from the following strategies: public equities and derivatives, private equity/venture capital and marketplace/direct lending strategies.

"Marketplace and direct lending continue to be big growth areas for us, and private equity and venture capital have also been strong areas of growth, both in terms of new launches and client conversions from other administrators or from self-administration. It is diversified growth, not concentrated in a small number of client wins or one specific area of the marketplace," explains Hendrickson, noting that Opus now has approximately 440 funds on the platform.

As Opus grows and takes on new clients, the focus remains on delivering robust solutions and as clients themselves grow, still doing so at a price point that makes sense.

"That's really been a theme at Opus since inception. We see ourselves as the "value-buy" within the fund administration industry" adds Hendrickson.

At the same time, Opus is aware of not wanting to spread itself too thin by offering too many services.

"We will always stick to fund administration," says Hendrickson. "We're not about to start providing risk services or capital introduction or tax services – areas that other administrators have moved in to. We want to be diversified, but solely within our sphere of fund administration."

In conclusion, Hendrickson comments: "We've put a lot of hard work in over the last 12 months and highly value winning the award this year. We really appreciate the recognition." ■



# We go beyond the numbers.

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**Thank you to the readers of *Hedgeweek* for voting FundCount Best Fund Accounting and Reporting Systems Firm**



# FundCount

## Best Fund Accounting & Reporting Systems Provider

Boston-based FundCount was established in 1999 and according to Mike Slemmer, Chief Operating Officer of the Americas, it is one of the industry's 'best kept secrets'.

"We have great technical capability. Our employees are passionate about this industry and giving clients the best tools. One of the strengths of FundCount is that we listen carefully to every client. FundCount's evolution over the last few years has been a joint effort with our clients," says Slemmer.

FundCount started life as a technology company focused on the hedge fund industry. As it worked on custom projects with more and more hedge funds, FundCount started hearing the same feedback, which went along the lines of, 'You guys are proficient, why don't you focus on accounting for other industries?'

That led to strong demand from fund administrators and other investment professionals. Over the years, FundCount has built a stable of more than 100 clients that include hedge funds, single and multi-family offices, fund administrators and private equity firms.

"We've been fielding more calls from smaller hedge funds and we refer them to fund administrators who are using FundCount," says Slemmer. "We do a deep dive with them to see if they can do everything in-house. There's no point installing FundCount in a hedge fund shop where they've got great investment expertise but they don't have a lot of accounting expertise. That's not what they want to focus on – it's managing the funds! That's when they tend to agree with us that the best approach is to appoint one of the fund administrators in our network."

At the heart of FundCount's investment/portfolio and partnership accounting solution is a powerful, integrated general ledger. FundCount's integrated accounting and investment analysis software not only improves operational efficiency, it provides real-time, actionable intelligence for clients to act on.



**Mike Slemmer, Chief Operating Officer of the Americas at FundCount**

*"It is very gratifying. We strive to put our clients first and the Hedgeweek award indicates that we've been able to do that."*

"Our strategy is to expand our business by expanding functionality and service for our target market – hedge funds, family offices and fund administrators. We have two hedge fund prospects currently, both of whom are looking to set up as family offices. The needs of hedge funds have, over recent years, become the needs of family offices and fund administrators – so there's a lot of overlap with regards to FundCount's core functionality that allows us to support a wide range of clients."

In terms of key features, FundCount's integrated investment/portfolio accounting, partnership accounting, and analysis capabilities, using the foundation of a general ledger, means that clients do not require multiple systems to manage investments and do all the investor and tax accounting necessary to run a fund investment business.

At the same time, it means the fund manager can effectively shadow their fund administrator.

"We find that FundCount is one of the few systems that integrates all aspects of accounting. Another important differentiator is FundCount's flexible report writer. This gives users access to every data point and total control over report formats and calculations. The ease of use of the report writer enables fund administrators to respond quicker to client requests and get the right information to them," explains Slemmer.

On winning this year's award, he remarks: "It is very gratifying. We strive to put our clients first and the Hedgeweek award indicates that we've been able to do that." ■

# ACA Aponix

## Best North American Cybersecurity Firm

ACA Aponix, a division of ACA Compliance Group, provides financial services firms with a 360-degree, independent approach to technology risk and governance. Conducting a comprehensive risk assessment helps fund managers to identify potential gaps and vulnerabilities, which the ACA Aponix team works through with each client to mitigate these risks.

"Our product offering encompasses cyber risk assessments as well as conducting mock audits, to not only help our clients prepare for a regulator visit but also test their ability to respond to a cyber breach, were it to happen," comments Anand Mohabir, Senior Principal Consultant.

At a high level, the ACA product offering involves performing risk assessments, mock audits, vendor diligence, network testing (both internal and external), training (which includes phishing exercises), tabletop exercises and helping clients produce a Written Information Security Program (WISP).

Mohabir confirms that this year, ACA Aponix has been focused on providing education to its clients, part of which has been conducted via a series of eight webinars designed to bring clients up to speed on issues that they need to know personally, which they can then apply as best practices within their organisations.

"We have developed an internal training platform that clients can use to help gauge their employees' knowledge and understanding of cybersecurity as it relates to their daily work. We launched this at the start of the year," confirms Mohabir, adding:

"The way we feel individuals will help a firm move forward is to practice better cybersecurity hygiene."

Managers are not only dealing with the broad cyber risks and phishing campaigns of hackers, they are also dealing with the regulatory aspect as well. In years gone by, investment advisors tended to focus on protecting their network perimeter from external attacks by conducting annual



**Anand Mohabir, Senior  
Principal Consultant at ACA  
Aponix**

*"We try to bring a high level of service to each client as if we were an employee responsible for technology security of their firm."*

penetration tests and regarded this as being cyber secure.

"Today, however, they realise that is not enough. Most of the risks that managers face are internal. Many are facing the challenge of how to put controls and processes in place to protect their overall firm. Through our risk assessment process we help clients focus not just on the technology infrastructure but also on people, process, workflow and understanding how individuals do their jobs. It's only by understanding how a firm operates that one can identify potential risks," says Mohabir.

One important element of the risk assessment is vendor due diligence.

As Mohabir explains: "We look to identify data and then classify it, before determining who has access to that data. In many cases that is going to be one of the manager's service providers. We go through this with each client and highlight potential risks with their vendors as part of the vendor due diligence process.

"We also perform mock audits with clients and run table-top exercises. These are designed to help clients test their Incident Response Plans under different scenarios. From a cyber perspective, it might be necessary to invoke the BCP if the IRP calls for it. The focus should always be on testing both the IRP and BCP."

On winning this year's award, Mohabir concludes: "We try to bring a high level of service to each client as if we were an employee responsible for technology security of their firm. This perhaps explains why we have won the award for the second year in succession, which we are very proud of." ■



21 ► marketing firms. More managers are now doing this as they recognise the importance of having in place not only an effective communication strategy, but a wider brand strategy.

"There's enormous intellectual capital available to the hedge fund industry as it relates to marketing that many managers completely ignore," suggests Kyle Dunn, CEO at Meyler Capital, voted this year's Best US Third Party Marketing Firm. "We are highly aware of the regulations that exist. Some of the largest managers are now using video content on their websites, so things are steadily changing. You can talk about your brand attributes at length – video or otherwise – without the need to fixate on performance (and potentially fall foul of regulations)."

He says that to build a brand one needs to build awareness consistently over time – social media engagement, talking to the media, speaking at conferences, etc. "You can't consistently drive awareness if you're not creating interesting, dynamic information," says Dunn.

One trend that has emerged in recent times, in parallel with fee compression, is the move towards better system integration as managers look to optimise their operating models. With so much regulation and compliance reporting to contend with, relying

on 10 different systems to glean data no longer cuts the mustard.

Financial technology providers have long been aware of this and are working with fund managers to centralise their data using an integrated system; one that enables employees to work with the same consistent set of data for all critical tasks.

By doing this, one can drill down into the detail to see exactly where the summary numbers that are presented to the end user originated from, says Bennett Egeth, President of Broadridge Investment Management Solutions (this year's winner for Best Data Visualisation Firm), for example.

"Using visualisation tools, if the COO sees that the amount of risk budget in certain trades or sectors is higher/lower than expected, for example, with a click or two he can see where that data come from and get an answer without needing people to go off and research it," adds Egeth.

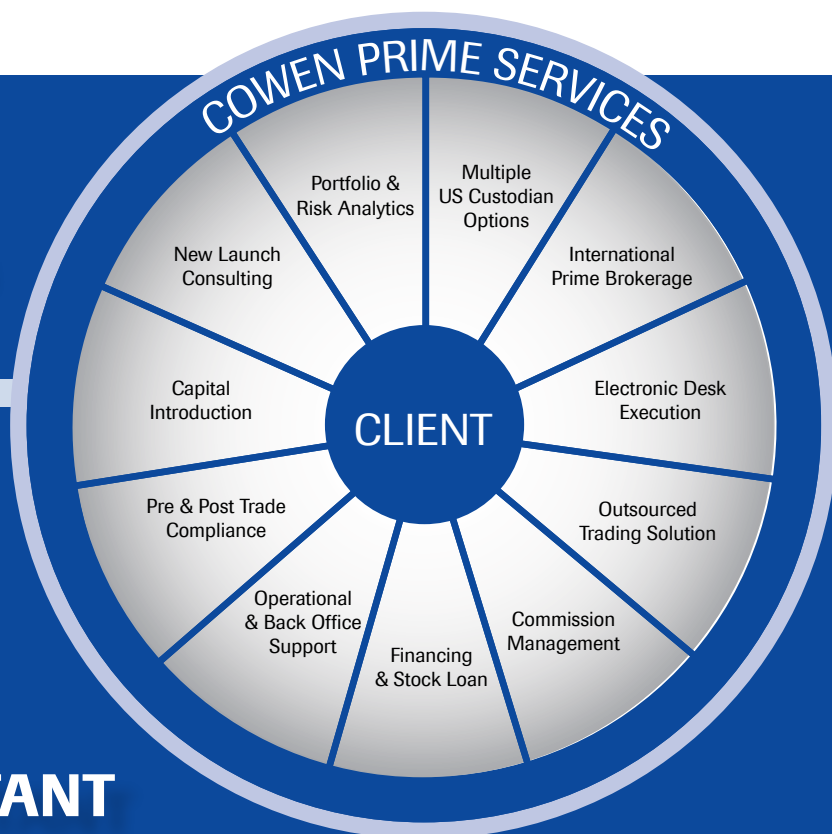
There's no doubt that technology is making managers' lives easier, as well as reduce operational risks. FundCount – this year's winner for Best Fund Accounting & Reporting Systems Provider – offers a range of reconciliation tools, automated workflow processes and compliance alerts to improve operational efficiency within hedge funds.

"The regulatory changes that are happening in the industry – more transparency, having a ► 36



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# Cowen Prime Services

## Best North American Prime Broker

It's been a year since Cowen Group acquired Concept Capital (now known as Cowen Prime Services) and it's safe to say that the year has been a productive one. Soon after Concept's acquisition, Cowen Group also acquired the Conifer Securities prime brokerage and outsourced trading business.

As Jack Seibald, Global Co-Head of Prime Brokerage, Cowen Prime Services confirms, since April this year, when the Conifer business was merged into Cowen Prime Services' existing broker-dealer, the combined team has been busy integrating the businesses and commenced operating as one group.

"We've now accomplished that and successfully integrated personnel and systems," says Seibald, who adds: "We now have a single entity under a common brand with a focused mission and a singular team executing on that mission. What's been particularly gratifying over the past year is that the PB sales team have been making introductions to accounts for our outsourced trading business, and the outsourced trading team have been making introductions to accounts for our prime brokerage services."

More importantly, though, is the fact that the Cowen institutional team has developed a clear understanding of Cowen Prime Services and how it fits in with the wider group, such that the team has started to make introductions that have turned into clients; either prime brokerage or outsourced trading clients.

"Cowen has a strong presence in the institutional research, sales and trading business, but did not have much of a presence in the emerging manager space. The prime brokerage business had a presence in the emerging manager space, but not the institutional space. And a lot of emerging managers typically come out of these larger institutions. So the integration of prime brokerage and outsourced trading under the Cowen umbrella is starting to show real traction.



**Jack Seibald, Global Co-Head of Prime Brokerage at Cowen Prime Services**

*"Earning this recognition from Hedgeweek's subscribers is very gratifying for our entire team."*

"We've onboarded a number of new clients over the summer which have been a direct result of the work done by the Cowen institutional team," confirms Seibald.

Cowen Prime Services is now able to compete far more effectively with the bigger primes for pieces of business that would previously have been out of reach. Seibald says: "If I were to take a snapshot of the business today, prime brokerage is approximately 60% of business revenues and outsourced trading is 40%. However, the rate of new business development for the previous quarter has been noticeably tilted towards outsourced trading."

Seibald confirms that Cowen Prime Services continues to win mandates from larger primes "who are going through their editing process because of the continued balance sheet constraints they face and return on asset requirements that need to improve under Basel III.

"This month we will be onboarding two good-sized clients with lengthy track records who are coming from a recognised and respected bulge bracket prime. The common theme seems to be a diminished level of attention and support from their existing provider and a desire for a more high-touch level of client service. All of which is helping to increase our aggregate client AUM in custody."

On winning this year's award, Seibald comments: "Earning this recognition from Hedgeweek's subscribers is very gratifying for our entire team. In the end, however, it's all about being the best possible partner to our clients that allows them to focus on delivering returns for their investors. That's what our team is focused on every day." ■

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Sadis & Goldberg represents over 800 hedge and private equity funds. Above all else, we value our client relationships. Our attorneys strive to provide excellent, consistent, practical and efficient legal services. We distinguish ourselves from other law firms by assisting our clients in the development of their businesses. This comprehensive approach has often earned us recognition as one of the top five law firms in the U.S. for our hedge fund practice. Invest a few minutes to learn what our attorneys can do for your business.



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# Sadis & Goldberg LLP

## Best North American Law Firm

Sadis & Goldberg LLP is one of New York's leading financial services focused law firms. Known both domestically and internationally as a dominant force in the financial services sector, Sadis & Goldberg serves clients throughout the world and was recently ranked as one of the top five law firms for hedge fund launches in the 2016 Preqin Global Hedge Fund Report.

The Financial Services Group is headed up by partner Ron Geffner and comprised of 13 attorneys that have each spent a significant amount of their career practicing in the private fund space, providing a compelling roster of seasoned legal advisers.

They routinely handle a diverse range of enquiries providing legal counsel to over 800 funds including domestic and international financial institutions, family offices, hedge funds, private equity funds, venture capital funds, real estate funds and commodity pools.

All of the attorneys in the group embrace the entrepreneurial spirit of the firm. "At Sadis & Goldberg, we see ourselves as businessmen practicing law. We actively involve ourselves with and often assist our clients in the development of their businesses," comments Geffner.

The firm's client base is dynamic and comprised of all sizes, backgrounds and investment sectors. This client base represents a significant percentage of the whole private fund industry's market share, providing the firm with a usual awareness of current market behaviours, favoured commercial terms and other industry trends.

This unique access to current market information allows the firm to advise their clients with both experience legal counsel and timely business intelligence. The firm is regularly called upon by its clients and other third parties to opine on such trends and often participates in or hosts industry events where the firm, its clients and



**Ron Geffner, Partner at Sadis & Goldberg LLP**

colleagues, and other market participants can exchange their collective observations and perspectives.

Sadis & Goldberg takes pride in their collegiate team-oriented environment. Client matters are assigned to lawyers of appropriate seniority with the necessary partner supervision.

Unlike many of their competitors, Sadis' lawyers are remunerated by performance rather than billings and collections alone. This model provides the following advantages to their clients: (i) direct access to the partners; and (ii) partners delegate the work to the appropriate level to ensure the work is done cost-efficiently. The firm places significant emphasis on training and teamwork within their group structure, thus ensuring a consistent quality to their clients.

Because of the Sadis & Goldberg's market leading practice in financial institutions and investment funds, the firm refers an exceptional number of mandates to other professionals globally.

"We enjoy very strong relationships with leading offshore legal counsel and other professionals in leading international centres of onshore and offshore finance, such as the Cayman Islands, Bermuda, the British Virgin Islands, Luxembourg, Ireland, the United Kingdom, Jersey, Guernsey, Malta, Mauritius, Cyprus and Hong Kong. Further, by virtue of representing several hundred alternative investment vehicles with investment managers domiciles throughout the world, our market share give us a unique perspective on the global investment funds industry," states Geffner.

On winning this year's global award, Geffner comments: "We are thrilled that Hedgework has recognised Sadis & Goldberg LLP as the Best North American Law firm. It is an honour to be recognised by industry professionals as the leading financial services law firm." ■



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# Edelman

## Best North American PR Firm

Edelman is one of the highest profile PR agencies in the world. With 65 global offices, Edelman is uniquely positioned within the communications marketing arena.

Edelman's Financial Communications & Capital Markets' global team focuses on reputation management, executive positioning and thought leadership development, strategic investment communications, financial media relations and communications planning and implementation. The team also supports a range of clients on special situations spanning shareholder activism, transactions, litigation and regulatory matters.

With respect to alternative investment funds, Edelman has an impressive roster of clients including Citadel, Highbridge and AQR, to name but a few. At the heart of Edelman's value proposition is the ability to develop and execute strategic communication programmes that "raise visibility and enhance reputation".

"We are starting to see a shift in the mentality investment managers take towards communications. Institutional allocators are demanding more transparency, and in some cases a better understanding of a fund's value proposition," says Mike Geller, Executive Vice President & Head of Alternative Asset Management, Financial Communications & Capital Markets.

"We have created a specialised practice that has strong expertise and experience working with investment managers of all shapes and sizes."

Rich Myers is General Manager, Edelman Financial Communications and Capital Markets. In short, he says, the last year has been about helping firms "own and control their own narrative, their own story. Hedge funds want to establish a real brand identity for their firm and they are taking a more strategic, proactive approach towards communications."

"Firms more than ever are willing to look at non-hedge fund types of communication



**Mike Geller, Executive Vice President & Head of Alternative Asset Management, Financial Communications & Capital Markets at Edelman**



**Rich Myers, General Manager, Edelman Financial Communications and Capital Markets**

tools such as social media channels (Twitter and LinkedIn), as a way to improve the dialogue with investors.

"However, there's always going to be compliance risk when using social media channels. You can't have an off-the-shelf social media agency because you need to marry the social media expertise with financial industry and regulatory expertise, which we provide, so that there are no trip wires," explains Myers.

For managers that want to portray their value proposition and reach the right audience, reliance on old fashioned methods such as print media is starting to shift; far better to host digital content on the firm's website, or on third-party thought leadership platforms, to pique the interest of stakeholders.

"Alternative asset managers are beginning to get more comfortable with new communications channels," says Geller. "Today, firms might choose to use LinkedIn to micro target certain stakeholders that they are trying to reach or leverage Facebook to complement and enhance their recruitment initiatives.

"Firms are starting to explore and adopt on a selective basis innovative tools to help further burnish their brands and raise visibility in the right ways," highlights Geller. It is leveraging digital and social media as an amplification tool."

Edelman is the world's largest social media agency with upwards of 250 people in New York alone. Having the resources and expertise to deliver an effective strategy is critical.

"The way we look at digital and social media, we want to provide our clients with strategic platforms that expand their reach to key stakeholders. The overall goal is to develop the right digital content that helps clients to further communicate their strategic rationale or particular viewpoint. Clients hire us to align communications objectives with business initiatives. That underpins everything we do in respect to helping clients build their brand," concludes Myers. ■





29 ► clear audit trail, etc – all play to FundCount's strengths," says Mike Slemmer, Chief Operating Officer of the Americas.

He confirms that FundCount has recently added reporting and operational control features, and upgraded its client tools. "We now have an enhanced online community function that gives clients instant information to questions and enables clients to share information with one another. They also have access to our Report Encyclopedia, which is a huge database of report templates that our clients have built. They can co-brand these reports for use on their website and other marketing. Client service has been a big focus for us in 2016," confirms Slemmer.

In conclusion, it is important to point out that as managers continue to embrace more technology they maintain a robust cybersecurity posture. The SEC are looking hard at this and issuing deficiency letters to managers whose cybersecurity processes and procedures, included in the WISP, are not of a high standard.

"People will have programmes in place but may not review them or may not even know what is contained within them. It's important that clients maintain sound programmes that they can explain to the regulator, should they

be examined. It's important to emphasise the need for managers to adopt and follow policies as a firm," comments Anand Mohabir, Senior Principal Consultant at ACA Aponix, winner of this year's award for Best North American Cybersecurity Firm.

Not that cybersecurity issues only apply to fund managers. Global exchanges have to be particularly vigilant as they represent a far bigger target to hackers and cyber criminals.

"The US Government declared critical financial market infrastructure to be systemically important to the economic infrastructure of the US. That puts us on a high pedestal and means the US Government looks closely at what we are doing. We are subject to a lot of scrutiny so we have to take cybersecurity very seriously," says Chuck Mack, AVP, Deputy Head US Equities at Nasdaq – winner of this year's award for Best North American Trading Venue.

Thankfully, the pace of technology is keeping pace with regulatory change and making managers' lives as easy as possible. With performance such a key issue right now, managers need all the help they can get with non-core tasks, so that they can focus on the job at hand: generating much needed alpha. ■